

VZCZCXRO8548  
OO RUEHBC RUEHBW RUEHDE RUEHIHL RUEHKUK  
DE RUEHTH #0626 1291245  
ZNY CCCCC ZZH  
O 081245Z MAY 08  
FM AMEMBASSY ATHENS  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1752  
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY  
RUEHZG/NATO EU COLLECTIVE PRIORITY

C O N F I D E N T I A L ATHENS 000626

SIPDIS

NEA/I

E.O. 12958: DECL: 05/07/2018  
TAGS: [EAID](#) [ECON](#) [EFIN](#) [EINV](#) [PGOV](#) [PREL](#) [IZ](#) [GR](#)  
SUBJECT: IRAQ: GREEK MFA ON ICI AND DEBT FORGIVENESS  
POLITICS

REF: A. SECSTATE 43799  
[1](#)B. ATHENS 139

Classified By: A/POLCOUNS JEFF HOVENIER. REASONS 1.4 (B) AND (D).

[1](#)1. (C) DepPolCouns delivered ref A demarche on the May 29 International Compact with Iraq (ICI) Ministerial to MFA A6 Directorate for Middle East Affairs deputy head Giorgos Ayfantis. Ayfantis was unable to say definitively which senior Greek official would attend the Ministerial, but he believed it would be Deputy FM Doukas, who specializes in economic affairs.

[1](#)2. (C) DepPolCouns also discussed with Ayfantis the settlement of Iraq's outstanding debt with Greece (est. \$231 million). Ayfantis said both the Greek Embassy in Baghdad and the MFA favored forgiving Iraq's debt as a vote of confidence in the Iraqi government and a way to start over with a clean slate. The issue was held up in the Ministry of Finance, however, which was trying to hammer out a plan whereby those holding the debt might get partial repayment from the GOG. He said that politically influential Greek construction companies held a significant proportion of the debt and were trying to use their influence to prevent the GOG from simply writing it off with out some frm of repayment. Thus, Ayfantis argued, Greec's failure to settle Iraq's debt did not reflect any problem with Greek-Iraqi bilateral relations but rather Greek domestic political wrangling.

[1](#)3. (C) COMMENT: This is the first we had heard of Greek construction interests holding Iraqi debt. Ministry of Finance officials told us that most of the Iraq debt to Greece is owed to Hellenic Defense Industries (HDI), a quasi-state entity. To forgive this debt, according to MinFin officials, could require the GOG to remunerate HDI for its claims. As for the politics of settling the debt, Minister of Finance Alogoskoufis also told Ambassador that the political will existed to get it done but admitted it was a complicated matter (ref B).  
SPECKHARD